



Archived at the Flinders Academic Commons:  
<http://hdl.handle.net/2328/27231>

This is a scan of a document number DUN/Speeches/0382  
in the Dunstan Collection, Special Collections, Flinders University Library.  
<http://www.flinders.edu.au/library/info/collections/special/dunstan/>

**Title:**

News Release for Port Pirie Recorder, Transcontinental, Whyalla News, S.A. Farmer,  
Kadina Wallaroo Moonta Times

Please acknowledge the source as:  
Dunstan Collection, Flinders University Library.  
Identifier: DUN/Speeches/0382

© Copyright Estate Donald Allan Dunstan

NEWS RELEASE FROM THE PREMIER OF SOUTH AUSTRALIA.

THE HON. D.A. DUNSTAN, Q.C., M.P., 1/9/67

FOR

THE PORT PIRIE RECORDER

THE TRANSCONTINENTAL

THE WHYALLA NEWS

THE S.A. FARMER

THE KADINA WALLAROO MOONTA TIMES

The Premier, Mr. Dunstan, said today that the eastern route for the main natural gas pipeline between Gidgealpa and Adelaide had been chosen by the Government upon the recommendation of its American consultants not only because it would give a significantly lower transportation cost for the supply of presently established gas reserves to the major markets already developed in and near Adelaide, but also because <sup>considerably</sup> should/increased reserves of natural gas be established and should demand for them be developed elsewhere, especially in the Spencer Gulf Towns, the overall transportation costs would still be lower than if the main line were to follow the western or any other alternative route.

Mr. Dunstan was answering criticism of the Government for choosing the direct route to Adelaide for the pipeline.

The Premier said that he realized that a number of organisations feared that if an adequately extensive industrial demand should develop at Port Pirie, Wallaroo, Port Augusta, or elsewhere, the industry concerned might be prejudiced by having to meet an additional transportation charge to cover the costs of any special branch line which may be necessary.

"However I have already made a public statement on behalf of the Government indicating its intention that no valuable industrial development, particularly one contributing materially to industrial decentralisation in the Spencer Gulf area shall be prejudiced in the supply of natural gas by reason of the fact that it is not immediately adjacent to the main pipeline route",

Mr. Dunstan said, "While the construction of a branch pipeline to Port Pirie or Wallaroo for example, will involve additional costs for interest and amortisation, this is no reason why a valuable large industrial user at such a location should be prejudiced.

"The supply of considerably increased quantities to such a user although involving additional costs in respect of the branch line would not involve the Pipelines Authority in any greatly increased costs on the main pipeline nor would it involve the producers in greatly increased costs. The costs per unit of gas supplied and transported, even when the branch pipeline costs are added, are most unlikely to exceed the costs per unit without the special branch line supply."

Mr. Dunstan added that in the pipeline operation it was the intention of the Government to recover from the producers on a full cost basis, but not to seek any profit apart from the agreed discount to be passed directly to the public utilities as a part of the economy achieved through the provision of low-interest Government guaranteed borrowing.

"This means that the Pipelines Authority will be in a position where instead of getting additional profits as the pipeline is more fully used, it will be able to reduce the effective charge per unit of gas transported," he said. "Even though the Authority will probably be faced with costs of branch line construction as demands develop, there is every expectation that the greater usage of the whole of the pipeline facilities will avoid the necessity for any increase in unit charges for all transportation of gas irrespective of its destination. This situation is likely to apply at least until the stage is reached when a second or duplicated pipeline is required, or unless the gas has to be taken a considerable distance beyond Adelaide. Moreover the producers

as they find more gas, will be disposed to look for increased markets in the knowledge that the established markets already cover their heavy fixed costs. Additional sales are likely to offer very good returns indeed to the producers without the necessity for any increased prices".

The Government was very well aware that the proper protection and development of decentralized industries using natural gas would require the co-operation of the Pipelines Authority, the producers, and the Government itself, he said. No great difficulty was anticipated in this as the policy was clear and the interests were to a marked degree mutual.

NEWS RELEASE FROM THE PREMIER OF SOUTH AUSTRALIA.

THE MORL. D.A. JOURNAL. D.C. A.P. 1/9/67

FOR

THE PORT PIRIE RECORDER

THE TRANSCONTINENTAL

THE WHYALLA NEWS

THE S.A. FARMER

THE KADINA GALLAGHER MOONRA TIMES

The Premier, Mr. Dunstan, said today that the eastern route for the main natural gas pipeline between Cidgoolpa and Adelaide had been chosen by the Government upon the recommendation of its American consultants not only because it would give a significantly lower transportation cost for the supply of presently established gas reserves to the major markets already developed in and near Adelaide, but also because <sup>considerably</sup> should/increased reserves of natural gas be established and should demand for them be developed elsewhere, especially in the Spencer Gulf Towns, the overall transportation costs would still be lower than if the main line were to follow the western or any other alternative route.

Mr. Dunstan was answering criticism of the Government for choosing the direct route to Adelaide for the pipeline.

The Premier said that he realised that a number of organisations feared that if an adequately extensive industrial demand should develop at Port Pirie, Wallaroo, Port Augusta, or elsewhere, the industry concerned might be prejudiced by having to meet an additional transportation charge to cover the costs of any special branch line which may be necessary.

"However I have already made a public statement on behalf of the Government indicating its intention that no valuable industrial development, particularly one contributing materially to industrial decentralisation in the Spencer Gulf area shall be prejudiced in the supply of natural gas by reason of the fact that it is not immediately adjacent to the main pipeline route",

Mr. Dunstan said. "While the construction of a branch pipeline to Port Pirie or Wellaroo for example, will involve additional costs for interest and amortisation, this is no reason why a valuable large industrial user at such a location should be prejudiced.

"The supply of considerably increased quantities to such a user although involving additional costs in respect of the branch line would not involve the Pipelines Authority in any greatly increased costs on the main pipeline nor would it involve the producers in greatly increased costs. The costs per unit of gas supplied and transported, even when the branch pipeline costs are added, are most unlikely to exceed the costs per unit without the special branch line supply."

Mr. Dunstan added that in the pipeline operation it was the intention of the Government to recover from the producers on a full cost basis, but not to seek any profit apart from the agreed discount to be passed directly to the public utilities as a part of the economy achieved through the provision of low-interest Government guaranteed borrowing.

"This means that the Pipelines Authority will be in a position where instead of getting additional profits as the pipeline is more fully used, it will be able to reduce the effective charge per unit of gas transported," he said. "Even though the Authority will probably be faced with costs of branch line construction as demands develop, there is every expectation that the greater usage of the whole of the pipeline facilities will avoid the necessity for any increase in unit charges for all transportation of gas irrespective of its destination. This situation is likely to apply at least until the stage is reached when a second or duplicated pipeline is required, or unless the gas has to be taken a considerable distance beyond Adelaide. Moreover the producers

as they find more gas, will be disposed to look for increased markets in the knowledge that the established markets already cover their heavy fixed costs. Additional sales are likely to offer very good returns indeed to the producers without the necessity for any increased prices".

The Government was very well aware that the proper protection and development of decentralized industries using natural gas would require the co-operation of the Pipelines Authority, the producers, and the Government itself, he said. No great difficulty was anticipated in this as the policy was clear and the interests were to a marked degree mutual.